

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 3371



Introduced by Honorable BIENVENIDO M. ABANTE, JR.

EXPLANATORY NOTE

The Government Service Insurance System (System) was created under Commonwealth Act NO. 186 with the goal of promoting the efficiency and welfare of the employees of the government. Commonwealth Act NO. 186 was amended by P.D. NO. 1146 which was subsequently emended by Republic Act NO. 8291.

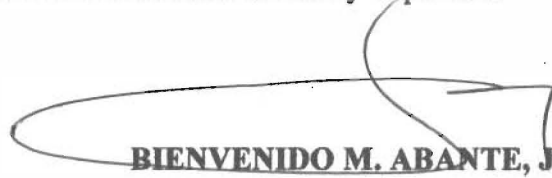
Despite these amendments, it seems that the goal of Commonwealth Act NO. 186 is far from being attained because charges of mismanagement, lavish and questionable expenditures and disbursement of funds, transactions and investments inimical to the interest of the System and its members, unremitted contributions, among others, have recently rocked the System, to the extent that public outcry for the resignation or ouster of its President and General Manager has caught the attention of the nation.

The funds administered by the System are part of the hard-earned money of its members, hence, by all means the same must be administered, protected, invested and spent for the sole benefit of the members and not to be abused, used or diverted for other purposes.

This bill consequently seeks to amend certain provisions of Republic Act NO. 8291 with the end in view of ensuring that the funds of the System are properly managed, protected and profitably invested by: imposing penalties upon officials concerned for non-remittance or delayed remittance of monies due to the System instead of charging interest thereon which would ultimately be an additional burden to the government, the members of the System being government employees; limiting

disbursement for administrative and operational expenses; controlling investments of funds; limiting the powers of the System and its President and General Manager; and increasing the penalties for violation of the law.

The immediate passage of this Bill is therefore earnestly requested.



BIENVENIDO M. ABANTE, JR.

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AN ACT
AMENDING REPUBLIC ACT NO. 8291 REMOVING INTERESTS ON
DELAYED REMITTANCES, LIMITING DISBURSEMENTS FOR
ADMINISTRATIVE AND OPERATIONAL EXPENSES AND THE POWERS OF
THE GSIS AND ITS PRESIDENT AND GENERAL MANAGER, AND
INCREASING THE PENALTIES FOR VIOLATION THEREOF, AND FOR
OTHER PURPOSES.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 7 of Republic Act No. 8291 is hereby amended to read as follows:

“Sec. 7. Delayed Remittances.- THE TREASURER, FINANCE OFFICER, CASHIER, DISBURSING OFFICER, BUDGET OFFICER, OR OTHER OFFICIAL OR EMPLOYEE of agencies which delay the remittance of any and all monies due the GSIS shall be PENALIZED UNDER SECTION 52 OF THIS ACT.”

SECTION. 2. Section 35 of this Act is hereby amended to read as follows:

“Sec. 35. Deposits and Disbursements.- All revenues collected and accruals thereto shall be deposited, administered and disbursed in accordance with law. A maximum expense loading of TEN PERCENT (10%) of the yearly revenues from all sources may be disbursed for administrative and operational expenses; PROVIDED THAT NO REVENUES OR ACCRUALS THERETO SHALL BE DISBURSED OR SPENT FOR THE PURCHASE OF ARTS, PAINTINGS AND SIMILAR ITEMS”.

SECTION. 3. Section 36 of the same Act is hereby amended to read as follows:

“Sec. 36. Investment of Funds.- The funds of the GSIS which are not needed to meet the current obligations may be invested under such terms and conditions and rules and regulations as may be prescribed by the Board; Provided, That investments shall satisfy the requirements of liquidity, safety/security and yield in order to ensure the actuarial solvency of the funds of the GSIS; Provided, further, THAT ANY SUCH INVESTMENT MAY BE SOLD, WITHDRAWN OR OTHERWISE DISPOSED OF ONLY UPON PRIOR CONSULTATION BY THE BOARD WITH, AND FAVORABLE ENDORSEMENT BY A MAJORITY OF, THE HEADS OF AGENCIES WHOSE EMPLOYEES ARE MEMBERS OF THE GSIS; PROVIDED, FURTHERMORE, That The GSIS shall submit an annual report on all investments made to both Houses of Congress of the Philippines, to wit:

x x x x x

SECTION 4. a) Section 41 of the same Act is hereby amended such that sub-section “U” thereof is deleted, thus making sub-sections “V”, “W”, “X” and “Y” thereof as sub- sections “U”, “V”, “W” and “X”, respectively;

b) Upon the effectivity of this Act, extra remuneration to the officials and employees of GSIS directly involved in the collection and/or remittances of contributions, loan payments and other monies due to the GSIS shall be considered illegal and terminated.

SECTION 5. Section 45 of the same Act is hereby amended adding thereto the following provisions: “ x x x. PROVIDED, THAT THE PRESIDENT AND GENERAL MANAGER SHALL NOT APPOINT ANY PERSONNEL OF THE GSIS WHO IS RELATED TO HIM OR HIS SPOUSE WITHIN THE FOURTH CIVIL DEGREE”.

SECTION 6. Section 52 of the same Act is hereby amended to read as follows:

Sec. 52. Penalty. - a) Any person found to have participated directly in the commission of fraud, collusion, falsification, or misrepresentation in any transaction with the GSIS whether for

him or for some other persons, shall suffer the PENALTY OF IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS AND ONE (1) DAY TO TWELVE (12) YEARS AND A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100, 000.00) NOR MORE THAN TWO HUNDRED THOUSAND PESOS (P200, 000.00).

b) Whoever shall obtain or receive any money or check invoking any provision of this Act or any agreement thereunder, without being entitled thereto with intent to defraud any member, any employers, the GSIS, or any third party, shall be punished by a fine of not less than TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00) NOR MORE THAN THREE HUNDRED THOUSAND PESOS (P300,000.00) AND by imprisonment of not less than six (6) years and one (1) day to twelve (12) years.

c) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations adopted by the GSIS shall be punished by a fine of not less than TWO HUNDRED FIFTY THOUSAND PESOS (P250, 000.00) NOR MORE THAN THREE HUNDRED THOUSAND PESOS (P300, 00.00) AND by imprisonment of not less than six (6) years and one (1) day to twelve (12) years.

d) The treasurer, finance officer, cashier, disbursing officer, budget officer or other official or employee who fails to include in the annual budget the amount corresponding to the employer and employee contributions, or who fails or refuses or delays by more than thirty (30) days from the time such amount becomes due and demandable to deduct the monthly contributions of the employee shall suffer the penalty of imprisonment of from six (6) YEARS and one day to EIGHT (8) years and a fine of not less than ONE HUNDRED THOUSAND PESOS (P100,000.00) but not more than ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00) , and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government

e) Any employee or member who receives or keeps funds or property belonging, payable or deliverable to the GSIS and appropriates

the same, or takes or misappropriates or uses the same to any purpose other than that authorized by this Act or permits, another person to take, misappropriate or use said fund or property by expressly consenting thereto, or through abandonment or negligence, or in otherwise guilty of the misappropriation of said fund or property, in whole or in part, shall suffer the penalties provided in Article 217 of the Revised Penal Code AND A FINE OF NOT LESS THAN TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00) NOR MORE THAN THREE HUNDRED THOUSAND (P300,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

f) Any employee, who after deducting the monthly contribution or loan amortization from a member's compensation, fails to remit the same to the GSIS within thirty (30) days from the date they should have been remitted under Sec. 6 (a) shall be presumed to have misappropriated such contribution or loan amortization and shall suffer the penalties provided in Article 315 of the Revised Penal Code AND A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00) NOR MORE THAN ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00), and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

g) The heads of the offices of the national government, its political subdivisions, branches, agencies and instrumentalities, including government-owned or controlled corporations and government financial institutions, and the personnel of such offices who are involved in the collection of premium contributions, loan amortization and other accounts due the GSIS who shall fail, refuse or delay the payment, turnover, remittance, or delivery of such accounts to the GSIS within thirty (30) days from the time that the same shall have been due and demandable shall suffer the penalties of imprisonment of not less than SIX (6) YEARS AND ONE (1) DAY nor more than TWELVE (12) YEARS and a fine of not less than TWO HUNDRED THOUSAND PESOS (200,000.00) nor more than THREE HUNDRED THOUSAND PESOS (P300,000.00),

and in addition shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

h) xx xx xx

i) xx xx xx

j.) Failure of the members of the GSIS Board, including the chairman and the vice- chairman, to comply with the provisions of paragraph (w) of Section 41 hereof, shall CONSTITUTE A CRIMINAL OFFENSE PENALIZED BY imprisonment of not less than SIX (6) YEARS nor more than TWELVE (12) YEARS and a fine of not less than TWO HUNDRED THOUSAND PESOS (P200, 000.00) nor more than THREE HUNDRED THOUSAND PESOS (P300, 000.00) without prejudice to any civil or administrative liability.

AND ADDING SUB- PARAGRAPH (K) THERETO WHICH READS AS FOLLOWS:

k) IN ANY CASE, ALL RETIREMENTS AND OTHER BENEFITS OTHERWISE DUE TO THE PERSON CONVICTED UNDER ANY PROVISION OF THIS SECTION SHALL BE FORFEITED IN FAVOR OF THE GSIS.

Criminal actions arising from violations of the provisions of this Act may be commenced either under this Act or, in appropriate cases, under the Revised Penal Code IN ACCORDANCE WITH THE PERTINENT PROVISIONS OF THE REVISED RULES OF CRIMINAL PROCEDURE.

SECTION 7. Effectivity. – This Act shall take effect immediately upon its approval.

Approved,